

FILED

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF OHIO  
EASTERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

ASHOK KAPADIA,

Defendant.

INDICTMENT

JUDGE NUGENT

CASE NO.

1:19 CR 144

Title 18, United States Code,  
Section 371 and Title 26, United  
States Code, Section 7206(2)

GENERAL ALLEGATIONS

At all times relevant to this Indictment:

1. Defendant ASHOK KAPADIA resided in the Northern District of Ohio, Eastern Division.
2. Defendant was a tax preparer and operated a tax preparation business out of his personal residence. As part of his tax preparation business, Defendant prepared tax returns for businesses and individuals, including family members.
3. Defendant prepared individual tax returns for Family Member 1 ("FM1") (not charged herein). FM1 reviewed and signed the returns prepared by Defendant before filing them with the Internal Revenue Service ("IRS").
4. Defendant prepared corporate tax returns for the following businesses and corporations: Business 1, Business 2, Business 3, Business 4, Business 5, Business 6, Business 7, Business 8, Business 9, Business 10, Business 11, and Business 12. FM1 did not have any role, position, interest, or involvement in any of these businesses and corporations.

4. A Schedule E (Form 1040), Supplemental Income and Loss, was used by a taxpayer to report supplemental income and/or losses from, among other sources, rental real estate, partnerships, S corporations, estates, and trusts.

5. A Schedule K-1 (Form 1120S), Shareholder's Share of Income, Deductions, Credits, etc., was used by a taxpayer who is a shareholder in an S corporation to report their share of income, losses, deductions, and credits.

COUNT 1

(Conspiracy to Defraud the United States and Impede and  
Impair the IRS – Klein Conspiracy, 18 U.S.C. § 371)

The Grand Jury charges:

6. The allegations contained in paragraphs 1 through 5 of this Indictment are re-alleged and incorporated, as though fully set forth herein.

The Conspiracy

7. Beginning in or around 2013, and continuing through in or around June 2017, the exact dates unknown to the Grand Jury, in the Northern District of Ohio, Eastern Division and elsewhere, Defendant ASHOK KAPADIA and FM1 (not charged herein), did knowingly and intentionally conspire, combine, confederate and agree together and with each other and with other persons known and unknown to the Grand Jury, to defraud the United States for the purpose of impeding, impairing, obstructing and defeating the lawful functions of the Internal Revenue Service of the Treasury Department in the ascertainment, computation, assessment, and collection of the revenue: to wit, FM1's income taxes.

Object of the Conspiracy

8. It was the object of the conspiracy that FM1, with Defendant's assistance, enriched FM1 and FM1's designees by depriving the United States of monies, in the form of tax due and owing.

Manner and Means

9. It was part of the conspiracy that:
- a. Defendant prepared and caused to be prepared false and fictitious individual income tax returns for FM1 for tax years 2012 through 2016.
  - b. Defendant used the identifiers and information obtained from Defendant's tax preparation work for Business 1, Business 2, Business 3, Business 4, Business 5, Business 6, Business 7, Business 8, Business 9, Business 10, Business 11, and Business 12 to create false and fictitious Schedule E and Schedule K-1 forms for FM1, which claimed fictitious corporate losses for FM1.
  - c. Defendant included false and fictitious Schedule E and Schedule K-1 forms with FM1's individual income tax returns for tax years 2012 through 2016.
  - d. FM1 signed, filed and caused to be filed false and fictitious individual income tax returns for tax years 2012 through 2016, knowing that these tax returns falsely understated FM1's true income and included false and fictitious Schedule E and Schedule K-1 forms.
  - e. FM1 enriched himself and FM1's designees by paying a lesser amount in federal income taxes than the amounts rightfully due and owing.

Overt Acts

10. In furtherance of the conspiracy, and to effect the objects thereof, Defendant and FM1 committed the following overt acts in the Northern District of Ohio, Eastern Division, and elsewhere:

a. Defendant obtained business names, Employer Identification numbers, and other identifying information from Defendant's business clients, and used that information to create false and fictitious Schedule E and Schedule K-1 forms for FM1, without the business clients' knowledge or consent.

b. On or about the following dates, FM1 signed and filed IRS Forms 1040, U.S. Individual Income Tax Returns prepared by Defendant, which included false and fictitious Schedule E and Schedule K-1 forms, knowing that such returns claimed fictitious Schedule E losses and falsely underreported FM1's true income, each return constituting a separate overt act:

- i. July 8, 2013
- ii. July 25, 2014
- iii. May 4, 2015
- iv. April 15, 2016
- v. July 3, 2017

c. Defendant and FM1 caused false income tax returns to be filed for FM1 for tax years 2012 through 2016, resulting in a tax loss of approximately \$58,816 to the United States.

All in violation of Title 18, United States Code, Section 371.

COUNTS 2-6

(Aiding and Assisting in the Preparation of False Returns, 26 U.S.C. § 7206(2))

The Grand Jury further charges:

11. The allegations set forth in paragraphs 1 through 6 of this Indictment are re-alleged and incorporated, as though fully set forth herein.

12. On or about the dates stated below, in the Northern District of Ohio, Eastern Division, Defendant ASHOK KAPADIA did willfully aid and assist in, and procure, counsel and advise the preparation and presentation to the Internal Revenue Service, of a U.S. Individual Income Tax Return, Form 1040, of FM1 (not charged herein), for the calendar years stated below, each of which was false and fraudulent as to a material matter, in that as the Defendant well knew and believed at the time the return was prepared and presented to the IRS: (a) each return reported false and fictitious deductions, losses, and Schedules, and (b) each return underreported FM1's net taxable income, each year constituting a separate count:

Count	Tax Year	Approximate Filing Date	Approximate Amount of Tax Loss
2	2012	July 8, 2013	\$12,418
3	2013	July 25, 2014	\$24,765
4	2014	May 4, 2015	\$13,338
5	2015	April 15, 2016	\$5,950
6	2016	July 3, 2017	\$2,345

All in violation of Title 26, United States Code, Section 7206(2).

A TRUE BILL.

Original document - Signatures on file with the Clerk of Courts, pursuant to the E-Government Act of 2002.